corporations constituted by State Government either as 'direct/ indirect priority sector lending'.

Reduction in Central Excise Duty on Cigarettes

1675. SHRI K. KALAVENKATA RAO:
DR. Y. LAKSHMI PRASAD:

Will the Minister of FINANCE be pleased to state:

(a) whether tobacco farmers are demanding reduction in Central excise duty on cigarettes and waiver of interest on bank loans; and

(b) if so, what is the Government's reaction in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Representation was received from the Tobacco Growers for reduction of excise duty including removal of National Calamity Contingent Duty, which is a duty of excise, on cigarettes. The same was examined but not found acceptable.

As regards waiver of interest on bank loans, information is being collected.

FDI in Private Sector Banks

1676. SHRI GAYA SINGH:
SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has notified to allow 49 per cent FDI in private sector banks in the country; and

(b) if so, whether the portfolio investment in these banks by Foreign Institutional Investors (FIIs) will be within the FDI limit of 49 per cent or outside?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) No, Sir.

The portfolio investment in these banks by the Foreign Institutional Investors (FIIs) is outside the FDI limit of 49%.

Revision of money changing rules by RBI

1677. SHRI CM. IBRAHIM:
SHRI AIMADUDDIN AHMED KHAN (DURRU):

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has recently revised and relaxed money changing rules; and

(b) if so, the intent, purpose and other details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) RBI have revised the following money exchanging rules:

1. *Full Fledged Money Changers (FFMCs)*

(i) Since money changing is a fund based activity. with a view to ensuring that only credible players enter the field, Net Own Funds (NOF) for the FFMCs having multiple branches has been raised to Rs. 50 lakhs, a two year period will be allowed to the existing FFMCs for augmenting their NOF.

(ii) Earlier, Travellers Cheques (TCs) stocking arrangement with any TC issuing organization was a pre-condition for the issue of FFMC licence. This condition is withdrawn in order to improve the encashment facilities available in the country.

2. *Restricted Money Changers (RMCs)*

Earlier, RMC lincences were issued by Reserve Bank of India. Under the new Scheme announced by the Reserve Bank, Authorized Dealers and FFMCs have been accorded the freedom to enter into agency/franchising agreements for the purposes of carrying on RMC business, *i.e.* conversion of foreign currency notes or travellers cheques into rupees. Resident entities wishing to undertake restricted money changing would no longer be required to obtain RBI licence.